



Congress of the United States
House of Representatives

“Member Day Hearing: Committee on Ways and Means”
Testimony of Congressman Andy Kim
June 4, 2019

Chairman Neal and Ranking Member Brady:

I thank the Committee for the opportunity to participate in today’s Member Day hearing and to testify on behalf of New Jersey’s third district. Today I’d like to highlight one particular issue within the committee’s jurisdiction that has heavily impacted individuals and families in my district and state.

In 2017, Congress passed a massive tax overhaul bill, which included a provision that instituted a cap on the state and local tax (SALT) deduction. This provision has already resulted in tax hikes for millions of New Jersey families and will potentially result in continued state revenue shortfalls that threaten state investments in our communities.

In a recent survey conducted by New Jersey Society of Certified Public Accountants’ (NJCPA) to more than 500 CPAs, an average of 36 percent of their clients paid more in federal taxes in 2018. The vast majority of those claiming the deduction in New Jersey and across the nation are middle-class households. In 2016, 40% of New Jersey taxpayers deducted their local property and state income taxes. Those households averaged \$18,000 per deduction and over 80% of those who filed, earned less than \$200,000. This is a clear tax hike on the middle class, which is felt even more acutely in a high-cost state like New Jersey.

Year after year, we’ve seen reports that New Jersey is one of only a few states to send more taxpayer money to Washington than it gets back in services. In fact, a report from earlier this year showed that New Jersey residents only receive 82 cents back in services on the dollar paid in federal taxes. This deduction not only helps families avoid double taxation, but also helps build cities through infrastructure investment, provide for communities through social service investment and prepare the next generation through education investment.

New Jersey families have been overtaxed and underserved for too long. I urge the committee to consider legislation this year that would restore the deduction and immediately bring tax fairness back to the system. We have a chance now to work together to provide tax relief to millions of taxpayers in New Jersey and across the nation.

Thank you again for the opportunity to testify and I look forward to working with my colleagues on this issue.